(28)

DEWAN OF MYSORE.

BANGALORE,
4th March 1935.

DEAR COLONEL PLOWDEN,

With reference to your D. O. letter No. 3126—6-35, dated the 9th February 1935, forwarding a copy of the text of the provisional draft of the Instrument of Accession, I write to convey the thanks of His Highness's Government for the opportunity so kindly afforded to them of offering their observations thereon.

The general views of His Highness's Government in regard to the provisions of the draft Instrument are contained in the note annexed. I would like, however, to lay special stress on a few matters which, on account of their financial implications, are of great importance to this State.

The wording of entry 43 of the Federal Legislative List appears to suggest that the income from excise duties on all articles on which such duties may be imposed in future by the Federal Government should be surrendered to the Federal Exchequer. We cannot contemplate being bound by so general a provision.

Again, as regards Corporation Tax (entry 44 of the Federal Legislative List), we cannot afford to surrender this. Unlike most other States, Mysore has long been levying this tax—for about thirteen years—as an integral part of the fiscal system of the State, and we are at present deriving from it an income of Rs. 8 lakhs. It is a growing source of revenue. To give it up would mean a great loss to the State and would cripple its resources.

It is impossible in this connection to omit reference to the repeated representations that have been made by this State with regard to the remission of the subsidy. Mysore's claim for relief from this impost has been urged for years—long before Federation was even thought of. It is, I hope, superfluous for me to repeat in this letter the grounds on which that claim has been based. We have shown that the continuance of the subsidy, which is a purely political payment, is disastrous to the well-being and development of the State, and that, in justice also, its complete abolition is overdue. It is hoped that the Government of India, recognising the justice of our claim and the immediate need for relief, will remit the entire subsidy. I must frankly say that without such remission it will be extremely difficult for Mysore to join the Federation, willing and anxious as we are to do so.

There is also the question of jurisdiction over certain Railway lines in the State, a question which has been pending for a long time. The Government of India have denied to the State not only criminal and civil jurisdiction over these lines but also fiscal jurisdiction and

this means a serious loss in income-tax. Whatever may be the difficulties in the transfer of jurisdiction in other States, in Mysore no difficulties of any kind are likely to arise. The longest line, that from Harihar to Bangalore, will soon come into the hands of the State, and there can be no justification for keeping the jurisdiction outside the control of the State. The other lines are comparatively short (56 miles on the Bangalore-Madras route, and the metre gauge line from Bangalore to Dodkurgod, a distance of 52 miles). As the lines end in Bangalore and are not through lines, there should be no difficulty, administrative or other, in transferring the jurisdiction to the State.

Yours sincerely,

MIRZA M. ISMAIL.

THE HON'BLE COLONEL C. T. C. PLOWDEN, C.I.E.,
Resident in Mysore.